Prince Edward Island
CANADA

Agriculture, Fisheries,
Aquaculture and Forestry

Aquaculture and Fisheries Research Initiative Inc.

Annual Report 2003/2004

105-02737/

Minister's Message

To the Honourable J. Léonce Bernard
Lieutenant Governor of Prince Edward Island
PO Box 846
Charlottetown, PE C1A 7L9

May It Please Your Honour:

I have the honour to submit herein the annual report of the Prince Edward Island Aquaculture and Fisheries Research Initiative Inc. for the period April 1, 2003, to March 31, 2004.

Respectfully submitted,

Kevin MacAdam, *Minister*
Agriculture, Fisheries, Aquaculture and Forestry

PEI Aquaculture and Fisheries Research Initiative Inc. Board of Directors

David Younker	Chairperson
Paul Neima	Vice Chairperson
Sandra Gaudet	Treasurer
Dr. Jim Bellamy *(appointed January 2004)*	Member
Jerry Bidgood	Member
David Lewis	Member
Michael A. MacDonald	Member
Ken Moyaert	Member
Dr. Tim Ogilvie *(resigned November 2003)*	Member
Diana Pickering	Member

Kelly Cantelo was the Program Officer and Recording Secretary (April 2003 to June 2003). Janice Morrison was the Acting Program Officer and Recording Secretary (September 2003 to March 2004).

Report of the Chairperson
PEI Aquaculture and Fisheries Research Initiative Inc.

I am pleased to submit the annual report highlighting the activities of the Prince Edward Island Aquaculture and Fisheries Research Initiative Inc. for the 2003-2004 fiscal year.

The corporation was established to encourage short-term applied or developmental aquaculture and fisheries research in partnership with individuals, businesses and organizations.

The corporation is managed by a board of directors representing government, research agencies and industry. The board held five meetings and the Annual Shareholders meeting.

During the year, the board approved three projects which are listed below:

Improvement in Nutritional Quality and Shelf-life of Salmonids Fed Locally Produced Bio Active Compounds
Applicant – PEI Blueberry Growers Association
Project cost – $78,000
One-year project
AFRI contribution – $30,000

Purchase and Validation of New Zealand Developed Technology to Mitigate *Styela clava* Fouling of PEI Mussel Lines
Applicant – PEI Aquaculture Alliance
Project cost – $159,149
One-year project
AFRI contribution – $22,429

Developing of a Monitoring Program for Oyster Production and Health in Bedeque Bay
Applicant – PEI Shellfish Association
Project cost – $339,375
Two-year project
AFRI contribution – $60,000

In conclusion, I want to express my thanks to all board members for their direction and dedication to the company.

Respectfully submitted,

David A. Younker

David Younker, *Chairperson*
Prince Edward Island Aquaculture and Fisheries Research Initiative Inc.

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PEI AQUACULTURE AND FISHERIES

RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2004 and the statements of revenues, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
April 21, 2004

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2004

	2004	2003
ASSETS		
Cash	$140,800	$ 95,307
Short term investments - Note 2	754,102	782,822
Accounts receivable - Province of PEI	-	50,000
	$894,902	$928,129
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued liability	$123,193	$ 80,977
Shareholder's Equity		
Share capital - Note 4	100	100
Surplus - Statement 2	771,609	847,052
	771,709	847,152
	$894,902	$928,129

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: _____

DIRECTOR: _____

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUES, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Revenues		
Provincial grant	$ -	$ 50,000
Interest revenue	23,912	21,526
	23,912	71,526
Expenditures		
Administration	6,528	4,751
Research projects	92,827	20,000
	99,355	24,751
Net income (loss) for the year	(75,443)	46,775
Surplus, beginning of year	847,052	800,277
Surplus, end of year	$771,609	$847,052

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$ 50,000	$100,000
Receipt from investment account	50,000	-
Payments to projects	(50,663)	(59,809)
Payments for administration costs	(6,476)	(4,751)
Interest received	2,632	2,171
NET INCREASE IN CASH	45,493	37,611
CASH		
Balance, beginning of year	95,307	57,696
Balance, end of year	$140,800	$ 95,307

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2004

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, commercial fisheries and processing research in the Province.

2. Short Term Investments

Short term investments are interest bearing investments that are carried at cost plus accrued interest. Since these investments are held for a short period of time, their market value approximates their carrying value.

3. Commitments

In addition to the accrued liability, the corporation has approved two research projects providing for future commitments of:

April 1, 2004 - March 31, 2005	$55,515
April 1, 2005 - March 31, 2006	20,000
	$75,515

Subsequent to year end, the corporation's board of directors approved three research projects resulting in future commitments of $108,000 for the period of April 1, 2004 to March 31, 2005.

4. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2004, there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture, Fisheries, Aquaculture and Forestry is the sole shareholder.

5. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture, Fisheries, Aquaculture and Forestry on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

6. Comparative Figures

Certain 2003 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2004 financial statement presentation.

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